

2008 ASSESSMENT STANDARDS FOR EQUALIZATION AND UNIFORMITY OF
THE ELKHART COUNTY TRUE TAX ASSESSMENT

June 30, 2008

This document summarizes the method and procedures the Elkhart County has followed in completing the 2008 Annual Adjustment for the March 1, 2008 True Tax Assessment.

This general document is intended to provide a reasonable explanation of how this duty assignment was performed. Specific supplemental data will be found in the County Work Files.

1. Overview

To complete this duty the Elkhart County Assessor has established and followed methods, procedures, standards, and definitions from various sources. These sources include; written instructions and classroom training from the DLGF (Department of Local Government Finance), written instructions and classroom training from the IAAO (The International Association of Assessing Officers), and the approved Elkhart County CAMA system for true tax model calculation, research, analysis, statistical calculation, data storage and the required DLGF reporting. Additionally, the County has referenced the IAAO Standard on Ratio Studies, July 2007, the IAAO Standard on Mass Appraisal of Real Property, February 2002 and the IAAO Standard on Automated Valuation Models, September 2003.

It is presumed that reviewers and readers of this County document have read and understand 50 IAC 2.3, and the 2008 edition of 50 IAC 21, and IAAO Standard on Ratio Studies (Approved July 2007).

For the March 1, 2008 real property true tax assessment the County must account for value changes in real property true tax assessment from the March 1st, 2007 annual trend as mandated by the State Legislature.¹

2. Defined duties of the Elkhart County Assessor

50 IAC 21-1-3 (amended) Requires the local assessing officials, in making annual adjustments in assessed valuations of real property, to do the following:

1. Reevaluate the factors that affect value.
2. Express the interaction of these factors mathematically.

¹ IC 6.1.1-4-4.5

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3. Use mass appraisal techniques to estimate updated property values within statistical measures of accuracy.²
4. Provide notice to the taxpayers of an assessment increase that result from the application of annual adjustments.

3. Response to duty by the Elkhart County Assessor

1. Reevaluate the factors that affect value.

As directed by 50 IAC 21-3-1, to reevaluate the existing classes of property for the 2008 annual adjustment ratio study, the Elkhart County Assessor used and followed the combination of mass appraisal methods enumerated in the “July 2007, IAAO Standard on Ratio Studies”(the performance standard) or other recognized mass appraisal methods. After reevaluation of the approved 2007 Elkhart County CAMA data the Elkhart County Assessor limited the required ratio study and the annual adjustment factor to only Improved Residentialⁱ, Improved Commercial, and Improved Industrialⁱⁱ. The Unimproved Residential, Unimproved Commercial, Unimproved Industrial, Improved Rural, and Unimproved Rural were evaluated; but no ratio study conclusion made nor was an annual adjustment factor determinedⁱⁱⁱ. None of the 5 unadjusted classes constitutes more than 5% of the jurisdictions assessed value, nor did the classes have sufficient reliable data to establish a reliable annual adjustment factor. Therefore, for the 5 unadjusted classes, the Elkhart County Assessor has assumed that the current approved 50 IAC 2.3 assessment method made in the Elkhart CAMA system, provides an appropriate level of 2008 True Tax assessment³.

As directed by 50 IAC 21-3-2, the Elkhart County Assessor has retained and verified the sales disclosures that had been forwarded from the Elkhart County Auditor’s office by January 15, 2008, and these sales were used to establish the adjustment factor for this March 1, 2008 assessment.

As directed by 50 IAC 21-4-1 (B), the Elkhart County Assessor has reviewed 2007 neighborhood delineations for the specified classes of property established for the 2008 assessment to determine if any adjustments or alterations were needed. After the reevaluation the assessor has deemed the 2007 delineations to be in need of some quantitative adjustments for this March 1st, 2008 assessment.

² The “2007 IAAO Standard on Ratio Studies” is referenced in both editions of 50 IAC 21. Elkhart County used this publication as the authority standard for application of this directive.

³ IAAO Standard 8.4.6.

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As directed by 50 IAC 21-4-1 (C), the Elkhart County Assessor has evaluated neighborhoods in areas where values are erratic and geographic neighborhood delineations are not sufficiently homogeneous, and has deemed it appropriate to further stratify properties by property characteristics, developing separate factors for various property strata.⁴

As directed by 50 IAC 21-4-2, the Elkhart County Assessor has reevaluated the land values established for the 2007 Annual Trend. After the reevaluation and after some residential quantitative adjustments the assessor has deemed the 2006 land base rates to be adequate for the January 2007 land base rates.

2. Express the interaction of these factors mathematically.

As directed by 50 IAC 21-8-1, the Elkhart County Assessor has attempted to achieve an overall level of assessment of 90% to 110% of calculated market value for the required classes of property located in Elkhart County by the application of a neighborhood factor to the structures in the defined neighborhood⁵.

The Elkhart County Assessor has reevaluated the Elkhart County CAMA generated neighborhood ratio studies⁶ for the property class and examined the uniformity, consistency, level of assessment, coefficient of dispersion (COD) and price related differential (PRD) to determine if a reliable annual adjustment factor should be applied. The recommended neighborhood adjustment factors were then submitted for equalization review⁷ and to the Elkhart County CAMA system to be applied in the calculation of the 2008 True Tax Value⁸.

When analytical indicators of uniformity and consistency supported an acceptable range, the mathematical factor applied to that specific class, is the factor calculated by the Elkhart County CAMA system (Neighborhood Factor). Any stratified classes that did not meet the analytical requirements were adjusted using comparisons⁹.

The calculated factor determined by the Elkhart County Assessor may be changed before the final results are forwarded by Elkhart County to the DLGF (Department of Local Government Finance) in the manner and format specified by the department¹⁰.

⁴ 50 IAC 21-5-3

⁵ IAAO Standard 14.1, and 14.2.1

⁶ 50 IAC 21-9-2

⁷ IC 6-1.1 and 50 IAC 2.3 p.25

⁸ 50 IAC 21-9-2

⁹ 50 IAC 21-10-1, IAAO Standard 7.5., and 8.4

¹⁰ 50 IAC 21-9-1

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3. Use mass appraisal techniques to estimate updated property values within statistical measures of accuracy.¹¹

Accuracy, uniformity, and precision of all conclusions are directly related to the number of acceptable sales¹². The adequacy of the number of sales has been evaluated by calculating a 95% confidence interval¹³. In neighborhoods where it was determined that the number of available sales was insufficient, and did not meet the performance standard¹⁴, that specific neighborhood was compared in a cluster analysis to similar neighborhoods deemed reliable to establish a supported reconciled neighborhood factor.

If a ratio study revealed a coefficient of dispersion (COD) and/or price related differential (PRD) that was outside the appropriate statistical ranges set in the performance standard¹⁵, the Elkhart County Assessor took the recommended and appropriate actions with the procedures set forth in 50 IAC 21.

In addition to the specific classes mandated, the Elkhart County has also established specific neighborhoods for the purpose of identifying and valuing presumed rental dwellings¹⁶. The Elkhart County Assessor assigned residential properties without homestead exemptions and residential properties with different location addresses and taxpayer address to specific rental neighborhoods¹⁷. Removing presumed rental dwellings from the general residential population resulted in improved statistical performance of other specific re-stratified residential neighborhoods.

Rental residential real property has been mandated to be valued with unique statutory valuing methods¹⁸. Currently a fact based method is available to Elkhart County to identify rental parcels and to establish income value for rental parcels. The designated rental neighborhoods were individually evaluated using the CAMA value method and a mathematical factor was applied to those Neighborhoods.

4. Provide notice to the taxpayer of an assessment increase that result from the application of annual adjustments.

¹¹ The "2007 IAAO Standard on Ratio Studies" is referenced in both editions of 50 IAC 21. Elkhart County used this publication as the authority standard for application of this directive.

¹² IAAO Standard 8

¹³ IAAO Standard 8.2, table 6

¹⁴ IAAO Standard 14

¹⁵ 50 IAC 21-11-1

¹⁶ Rental registration currently exists. Elkhart County has determined there is a correlation between residential properties without homestead exemptions and different addresses and rental properties. .

¹⁷ IC 6-1.1-4-39 and IAAO Standard 14.2.2

¹⁸ 50 IAC-5-3(c)

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Upon notice of approval by the County Assessor, notice of approval by DLGF of the calculated True Tax Assessments and upon authorization, Elkhart County will mail the property tax bill to the recorded owner address.

END NOTES

ⁱ The Elkhart County Assessor reevaluated the delineations of homogenous, heterogeneous and rural single-family residential property neighborhoods that were delineated by the 2002 PTABOA. The County has corrected qualitative data errors and then applied new NBHD adjustment factors to only the residential neighborhoods which met IAAO performance standards. (Reference, IAAO standard 14.2 and IAAO 14.2.5).

ⁱⁱ The Elkhart County Assessor reevaluated the delineations of commercial/industrial parcels (IAAO standard 14.2.3) in the neighborhoods that were delineated by the 2002 PTABOA. Due to insufficient information representative of the delineated neighborhoods, the County was unable to establish reliable adjustment factors (IAAO standard 5.5) (IAAO standard 3.3).

ⁱⁱⁱ The Elkhart County Assessor reevaluated the delineations of unimproved properties in the neighborhoods that were delineated by the 2002 PTABOA land commission (IAAO 14.2.4). County has corrected qualitative data errors (IAAO standard 14.2) but due to insufficient information (IAAO standard 5.5) representative of the delineated neighborhoods, the Elkhart County Assessor was unable to establish reliable adjustment factors (IAAO standard 3.3) for vacant residential and vacant commercial land.